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AUTHOR Mager, Caroline
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ABSTRACT

Further education colleges have been recognized for significant contribution to delivery of the government's agendas of economic competitiveness and social well-being. These two priorities have been identified: widening participation and raising standards. The Learning and Skills Act 2000 has established the Learning and Skills Council to plan and fund post-16 learning. Analysis of research and systematic quality and development programs highlights key findings regarding the priorities. Effective leadership and management at institutional and curriculum delivery levels need further development. The extent of external regulation and review arrangements could discourage institutions from taking ownership and responsibility for raising standards. Discussion regarding widening participation lack precision. A sustained strategic focus on the demand side is required. Funding options must be researched. Credit is recommended as a common measure of the volume of learning. More differentiated approaches are needed to engage hard-to-reach learners and meet their requirements, including workforce development; entitlement for adults to free education and training; support for micro, small, and medium-sized enterprises; modern apprenticeships; new strategies for basic skills and English for speakers of other languages; higher education of 18- to 30-year-olds; fee remission; national funding for learners; and planning for growth. (Contains 45 endnotes.) (YLB)

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Taking stock

A review of development in FE colleges

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Caroline Mager

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Feedback should be sent to:
Information Services
Learning and Skills Development Agency
Regent Arcade House, 19–25 Argyll Street
London W1F 7LS.
Tel 020 7297 9000
Fax 020 7297 9001
enquiries@LSDA.org.uk

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Further information

For further information on the issues discussed in this publication please contact:
Caroline Mager, Manager
Policy and Communications Unit
Learning and Skills Development Agency
Regent Arcade House, 19–25 Argyll Street
London W1F 7LS.
Tel 020 7297 9014
cmager@LSDA.org.uk

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Foreword

1 In October 2001, Chris Hughes, Chief Executive of the Learning and Skills Development Agency (LSDA) was asked to give evidence to the House of Commons Education and Skills Select Committee. The Committee was reviewing developments in FE colleges since the Select Committee enquiry in 1998. Chris Hughes, then Principal of Gateshead College, had been an adviser to that Select Committee enquiry and was invited together with his fellow adviser at that time, Ruth Silver, Principal of Lewisham College, to give evidence to the opening session of this follow-up review of further education.[1]

2 In preparation for the Select Committee appearance, LSDA prepared written evidence reviewing progress in achieving the priorities established by the Select Committee in 1998. It draws on evidence from our work, identifies key challenges and some possible ways forward. This paper is based on that written evidence, developed and updated[2] for a wider audience, although the focus remains primarily on FE colleges.

3 We believe that this is an important period, in the first year of the Learning and Skills Council (LSC), for careful consideration and debate about the role of FE colleges in this new context. Their strategic contribution will be vital to the success of the new Learning and Skills sector. We hope that this paper will contribute to the debate about how colleges should develop in the new context.

Key points

Policy priorities

4 The priorities for further education, from incorporation in 1992 to the current period, have been to increase participation and to raise standards. The overall pattern of provision in further education has shifted appreciably since 1994/5,[3] with significant growth in learners enrolled on programmes at Entry level and Levels 1 and 2 as a proportion of overall provision (see paragraph 20). While actual numbers of learners at Level 3 have remained almost stable, they have become a substantially smaller proportion of the whole cohort.

5 This suggests that colleges responded very effectively to the government's priority of increasing participation. When the Select Committee and the Secretary of State shifted the focus, in 1998, from undifferentiated growth towards a focus on widening participation specifically to educationally disadvantaged groups, further improvements were more difficult to achieve. The widening participation (WP) factor[4] was introduced in 1998, but it appears to have had a limited impact on recruitment from socially disadvantaged postcode areas (see paragraph 22).

6 In terms of the other key priority, that of raising standards, achievement rates[5] rose by 3.9%, to 76.3%, between 1998/9 and 1999/2000 (see paragraph 25). In addition, the majority of colleges have responded with energy and commitment to the wide range of policy and development initiatives that have characterised recent years (see paragraph 28).

7 Our analysis suggests clearly that while responsiveness to new initiatives is a positive attribute, it can also divert attention away from a college's core mission and may therefore have an adverse impact on quality. The 1998 Select Committee enquiry considered this issue. It suggested that colleges need a clear national strategic direction. The analysis in this paper supports this view. Colleges need a clear sense of key purpose that will drive their strategic choices.

8 The priorities set for colleges by the 1998 Select Committee are still current. These are widening participation, raising standards and basic skills. However, the targets set for the LSC are much more extensive, covering participation and achievement at different ages and at different qualification levels. There is a danger that the high number of targets could mask a clear sense of priorities, and that overlapping responsibilities, notably with higher education and with schools, could dissipate effort.

9 On the basis of research and systematic quality and development programmes,[6] we now have a strong evidence base from which to address priorities. The analysis in this paper highlights the following key findings.

Leadership and management

10 Effective leadership and management at institutional and curriculum delivery levels need further development. In particular, leadership needs to include clarity of strategic focus and mission and avoid opportunistic responsiveness to new initiatives irrespective of their fit with the institution's key purpose. Staff satisfaction surveys in colleges indicate low levels of satisfaction. The pressure to respond to large numbers of initiatives conveys a lack of clear priorities to staff which can have a negative impact on satisfaction levels.

Ownership of quality improvement strategies

11 There is a danger that the extent of external regulation and review arrangements could discourage institutions from taking ownership and responsibility for raising standards. The weight of external demands means that colleges are committing significant resources to complying with these, perhaps at the expense of developing their own strategic approach. Institutional ownership of quality improvement strategies is essential to avoid a compliance culture.

Widening participation

12 Widening participation is a significant policy priority. Yet discussions in this area lack precision. For example, the term 'widening participation' is variously used to refer to recruiting those who lack qualifications, those who are cash poor or those who live in socially deprived areas. These different target groups will require distinctive interventions. Therefore clarity is needed about which target group is being addressed.

13 Moreover, it is not clear whether the additional funding for such provision, through the WP factor, is intended to offer an incentive, or to meet the actual costs of provision. Indications are that to make further progress, the actual costs of provision for harder-to-reach learners will need to be reflected more directly through the funding methodology. Clarification of these issues would assist development of policy in this area.

Demand-side strategies

14 A sustained strategic focus on the demand side is required, articulated with supply-side incentives. We support proposals for a Level 2 entitlement to free tuition and accreditation, backed up by clear employer responsibilities and incentives to encourage take-up. On the supply side, consideration should be given in the short term, to whether there are sufficient incentives for growth in the current funding arrangements.

Funding method

15 The current funding methodology is based on recruitment of learners – funding follows the learner. This provides an incentive to providers to compete to recruit learners. The financial viability of providers rests on their capacity to compete for learners. In a more collaborative environment, with the prospect of a more planned approach to developing the provider infrastructure, this impetus to competition may become dysfunctional. It may therefore be timely to initiate research to examine options such as funding by mission or a return to core institutional funding, to inform long-term funding strategy.

Data on learning

16 Learner and programme enrolments are an inadequate mechanism for presenting the volume of learning activity. Course intensity and duration vary enormously, from bite-size to full-time. We strongly recommend the use of credit as a common measure of the volume of learning to provide meaningful data on the amount of learning being undertaken, and on patterns of enrolment (see paragraph 24). Credit for learners could also provide motivating, portable and flexible recognition of achievement. The 1998 Select Committee report recommended consideration be given to the development of a unit-based credit system, but progress has been negligible.

Background

17 The 1998 Select Committee enquiry threw a welcome spotlight on the role of FE colleges. The report highlighted their significant contribution to the delivery of the government's agendas of 'economic competitiveness and social well-being by improving the skills of the existing and potential workforce and by creating opportunities for achievement for all members of the community.'[7]

18 The Select Committee recognised the need for colleges to have a clear sense of purpose and identified the following priorities for the period beyond 1998:

- widening participation among both 16–19 year olds and adults
- raising of standards
- meeting the Learning Age target for 2002, of more than doubling the number of adults on basic skills courses.[8]

19 These priorities were not an abrupt departure from existing priorities, but did mark some significant changes of emphasis. In particular, they marked a shift away from undifferentiated growth towards a focus on widening participation to those groups of learners who had benefited least from education and training in the past. This policy shift reflected the work of the Further Education Funding Council's (FEFC) Widening Participation Enquiry chaired by Helena Kennedy.[9] Equally, the specific focus on basic skills reflected the work underway by Sir Claus Moser's Working Group on Post-School Basic Skills.[10]

Progress

Since incorporation

20 Assessment of the success of colleges in meeting these new priorities needs to be set within the context of the sector's development since incorporation. From 1994/5 to 1999/2000, total enrolments in colleges increased from 2,165,000 to 2,941,100, reaching the highest enrolments in 1997/8 of 3,136,900. Analysis of the pattern of provision since 1994/5 indicates a significant change.

- The number of students enrolled on Level 1 programmes more than doubled between 1994/5 and 1999/2000 (from 374,600 enrolments to 883,600).
- Levels 1 and 2 combined rose from 40% of total student numbers to 59%.
- Level 3 and above declined from nearly 40% of total students in 1994/5 to 30.1% in 1999/2000, with a particularly steep decline in provision at Level 4 and above.[11] While they represented a declining proportion of the whole, Level 3 enrolments in fact grew slightly in real terms in this period – from 719,300 to 820,600.

Since 1998

21 Within the growth described above, there were significant increases in basic skills enrolments following the Select Committee report. The number of adult students on basic education courses (a proxy for basic skills courses) increased by 10.8% between 1998/9 and 1999/2000 (from 211,784 to 234,604). These figures do not include those learners who are developing basic skills as an integral part of a programme in another curriculum area.

22 The widening participation (WP) factor, introduced in 1998, gave a funding premium to colleges recruiting learners from postcode areas with a high level of disadvantage. However, its introduction appears to have resulted in only a minor increase of around 8600 additional learners attracting WP funding across all FEFC-funded provision.

The proportion of total students attracting the WP factor in colleges remained stable at 26.9% between 1998/9 and 1999/2000. (The implications of this are discussed further below – see paragraphs 63–69.)

23 Overall learner numbers in FE colleges fell by 1.8% in the period between 1998/9 and 1999/2000 (from 3,780,500 to 3,712,700).[12] Over the same period, actual courses delivered increased by 2.8% (from 6,319,885 to 6,495,853). This increase could be attributed to increased breadth of programmes (for example, for learners following Curriculum 2000 and other broader programmes), or to an increase in uptake and progression on short courses. The fall in student numbers is likely to be a result of the reduction in franchising. An LSDA report indicates that franchising accounted for almost 20% of student numbers in the FE sector between 1994/5 and 1996/7.[13]

24 The limitations of the data available should be noted. Numbers of individuals and of programmes do not give a clear impression of the total volume of learning being undertaken. For example, an individual enrolment could equally be for a short or bite-sized programme or for a full-time, year long programme. LSDA (and its predecessor bodies, the Further Education Development Agency (FEDA) and the Further Education Unit) has argued the case for a measure of volume to be given to programmes. This could be represented by a number of credits assigned to qualifications and their component units. A measure of volume of learning would provide LSC with more meaningful data about total volumes of achievement and about learning patterns. It would also provide the basis for a system of credit accumulation and transfer to underpin qualifications, improving their flexibility and capacity to reinforce success.

25 The importance of standards was emphasised by the Select Committee report and the Standards Fund was established and referred to in the government's response to the Committee. Achievement rates overall have increased by 3.9% since 1998, to 76.3%.[14] The achievement gap is closing year-on-year as worst achieving colleges improve their achievement rates faster than the best.[15] However, one in four FE colleges has a learner achievement rate of 68% or less, with some colleges recording rates at below 50%.

26 Early indications are that new inspection arrangements with the focus on the learning experience, together with the incorporation of work-based learning,[16] will have a negative impact on grades. Reports indicate that two-thirds of grades for work-based learning have been 4 or 5 in the initial phase of inspections. It will be essential that public perceptions and interpretation of inspection results are handled carefully to avoid inappropriate blame.

27 Therefore, while there has been modest progress in terms of quality, there is still scope for substantial improvements.

28 There is no evidence of lack of endeavour or responsiveness by colleges. On the contrary, during this same period, a significant number of colleges have responded to a wide range of policy initiatives:

- Curriculum 2000 – introducing a range of AS levels, Key Skills qualifications and enrichment activities
- New Deal – contracting with the Employment Service for a new range of provision
- engagement with Ufi and Learndirect to establish learning centres and hubs in collaboration with other local providers
- FEFC's non-schedule 2 pilots – developing capacity to work with a range of voluntary sector and community-based partners to deliver appropriate learning for particularly disadvantaged adults
- FEFC's unitisation pilots – developing capacity and systems to deliver more flexible curriculum options
- in some regions, engagement in major regeneration-focused programmes funded, for example, through the Single Regeneration Budget
- taking on the major role in delivering financial support for learners; for example, Access funds, childcare funds and residential bursaries
- refocusing away from franchising (particularly distance franchising) to more local and community-based provision
- engaging with the introduction of education maintenance allowances (EMAs) and the implementation of the Individual Learning Account (ILA) fee discount scheme, ILA Pathfinder projects and the national framework.

29 This analysis indicates the scale of challenges embraced by FE colleges. Colleges engage with learners with high levels of educational disadvantage and deliver a range of programmes from basic skills to undergraduate-level study. In addition, they deliver a wide range of initiatives targeting specific learners and developing new approaches, working with learners from age 14 through to post-retirement, while delivering their core business. This commonly includes subjects as diverse as creative studies, computer-aided design, food sciences, basic skills, bookkeeping, catering, tourism, engineering and media technologies, reflecting the colleges' responsiveness to the needs of the new economy, existing employment opportunities and local demand.

The Learning and Skills Council (LSC) targets and priorities

30 The *Learning and Skills Act 2000* transformed the planning and funding arrangements of post-16 learning, bringing together functions of training and enterprise councils (TECs) and the FEFC, and incorporating the funding of school sixth forms and adult and community learning under a single body, the Learning and Skills Council (LSC). The role and objectives of the new national body and its 47 arms have been clearly articulated while the precise operating systems are still being developed.

31 The remit letter from David Blunkett (the then Secretary of State) to the LSC set out his vision for the new body. It described the importance of learning for a civilised and cohesive society, with a vital role in promoting active citizenship, strengthening families and neighbourhoods. A commitment to equal opportunities ran through the document with a strong emphasis on the need for the new arrangements to support community and economic regeneration initiatives. This has been translated into the following mission and vision in the LSC corporate plan.

Our mission is to raise participation and attainment through high-quality education and training which puts learners first.

Our vision is that, by 2010, young people and adults in England will have knowledge and productive skills matching the best in the world.

32 A number of targets have been established for the new Learning and Skills sector.[17]

- *Around 625,000 more adult learners in further education in 2001/02 compared with 1997/8, with 65% of these drawn from disadvantaged backgrounds and circumstances.* This target, set out in the LSC grant letter, does not appear in the LSC corporate plan. Its status is therefore unclear. There has been a reduction in total student numbers of 184,000 since 1997/8,[18] and the proportion of learners attracting the widening participation factor has remained broadly stable.
- *To raise the literacy and numeracy skills of 750,000 adults by 2004.*[19] There has been an increase of nearly 23,000 adults studying on basic education courses since 1998/9, with 234,604 learners in 1999/2000. The extent to which the 750,000 learners are expected to be new learners is unclear.
- *85% of 19 year olds with a Level 2 qualification by 2004.* The rate of Level 2 achievement at 19 was 75% in 2000. Currently, just under 50% of students achieve Level 2 at 16; the FE contribution raises this to 75% by age 19, working by definition with the least able students. Irrespective of any increase in success rates at 16, the target requires the sector to raise 40% of the bottom quartile to the same level in three years.
- *80% of 16–18 year olds to be in structured learning by 2004.* This compares to current levels of engagement of 75%.
- *The LSC shares responsibility for the government's target that by 2010 half of those aged 18 to 30 should be able to access higher education.* Current levels appear to be around 40–42%, but figures are not easily available.
- *52% of adults at Level 3 by 2004.* This compares to levels of achievement in 2000 of 47%. It is not clear how data will be collected on this target.
- In next year's plan, the LSC will also develop:
  - baselines and targets for adult participation
  - measures of employer engagement
  - baselines and targets for quality and user satisfaction.

33 In addition to the priorities outlined above, the government has also indicated a new framework for 14–19 education, with an enhancement of vocational options and increased involvement of colleges in delivery to 14–16 year olds. A consultation paper due early in 2002 will set out the government's proposals.

34 Sir John Cassels' report on Modern Apprenticeships,[20] has called for a step change in quality and volume of provision, proposing targets for increased recruitment. This proposal has been endorsed by government, creating a further target for the LSC. The implications of the Cassels report are discussed in more detail later (see paragraphs 57–58).

35 The targets outlined above relate to most elements of the Learning and Skills sector's activity. As yet, there is no target for equal opportunities or for community engagement, but these may emerge through local LSC corporate plans or performance indicators. The large number of targets already makes it difficult to identify clear priorities; some targets are difficult to measure; they are overlapping (adult basic skills and adult participation); some depend largely on behaviours in other sectors (schools, higher education); several are shared with other agencies (eg Adult Basic Skills Strategy Unit, schools).

36 For the new LSC, establishing a new culture, new operating arrangements and new relationships, there may be a case for examining afresh the targets, based on a closer assessment of its collective capacity and of the data that will be readily accessible.

Quality improvement

37 Under the new LSC and inspection arrangements, the institutional structures and roles in relation to quality assessment and quality improvement have changed. LSC carries out continuous monitoring via provider review, which should provide early warning of any problems of performance.

38 Inspection is now carried out through Ofsted and the Adult Learning Inspectorate (ALI) using the new Common Inspection Framework. This new framework places greater emphasis on the experience of the learner and on the impact of leadership in promoting achievement than the previous FEFC and Training Standards Council (TSC) frameworks. Whereas previously, work-based learning was inspected separately through the TSC, all college provision funded by LSC is now reported together. Early reports indicate that two-thirds of grades for work-based learning in colleges are 4 or 5.[21] In some cases, this provision is small-scale and peripheral to core business, receiving inadequate management priority and attention.

39 If, as seems likely therefore, new arrangements result in lower grades in the short term, public perceptions will need to be handled carefully to avoid inappropriate blame. In addition, colleges will need to consider carefully whether to continue to make such provision where it is marginal and can be delivered through alternative providers for whom it is core business.

40 There is no magic bullet that will bring a step change in the pace of quality improvement. However, our understanding about how to improve quality has moved on significantly since the Select Committee reported in 1998. The Raising Quality and Achievement Programme,[22] and a range of other LSDA activities,[23] provide an extensive evidence base for evaluating impact and identifying the most effective interventions. The following observations draw on this evidence.

Leadership

41 Colleges are likely to make gradual improvements in quality, but significant change is unlikely unless there is substantial overall improvement in the quality of leadership. Experience of working with substantial numbers of college leaders over the last two years shows great variation in leadership abilities.[24] There is a need to improve:

- the quality of those aspiring to college leadership
- the effectiveness of the selection process by governors
- in-service training of principals.

42 There is also a need to conduct more research on the impact of leadership development initiatives and what qualities make for an effective FE principal.

43 In addition, it is clear from LSDA work on raising achievement, that if leadership is to have a more direct impact on student achievement, it is important to consider the leadership activity of those responsible for course organisation and delivery.[25]

Quality ownership

44 A key feature of successful college improvement strategies is the ownership by the institution of quality improvement processes. Failure to own the process can lead to technical, data-driven approaches rather than real change. There are some concerns that the extent of external regulation and review arrangements could discourage institutions from taking ownership of and responsibility for raising standards. This needs to be kept under review.

Achievement

45 Low levels of student achievement are associated with certain demographic characteristics. However, evidence indicates[26] clearly that, at the most, differences in the characteristics of the student intake can account for only half of the difference in levels of achievement between the best and worst achieving colleges. Differences in institutional ethos, systems, procedures and practices account for the significant remainder of the achievement gap. These are clearly within the sphere of influence of the individual institution.

Staff attitudes

46 Staff motivation will be vital to successful implementation of strategies to improve student performance. Evidence from our research indicates a positive correlation between some aspects of staff satisfaction and student satisfaction. It has already been established that student satisfaction correlates positively with student retention and achievement. On average, staff satisfaction is worryingly low in the FE sector, especially in general FE and tertiary colleges.

47 In a recent LSDA survey,[27] college staff were asked to rate their level of agreement with 38 statements concerning positive attributes of job roles and college organisation. There were 17 instances where over half the 9500 survey respondents indicated some measure of disagreement, and a further 15 where over a third did so. The following exemplify some of the most negative opinions:

- the college genuinely cares about the welfare of its staff (66% disagreed)
- staff feel they have job security (64% disagreed)
- staff are encouraged to take risks or try new things without fear of failure (72% disagreed)
- there is an opportunity for me to progress within the organisation (71% disagreed)
- communication is effective in this college (70% disagreed).

48 Staff satisfaction is likely to be influenced by a clear sense of institutional purpose, and the evidence from the LSDA survey shows that levels of staff satisfaction in Beacon or accredited colleges were substantially better than average for the survey.

Prospects for growth

49 The shift in the pattern of provision in colleges to a greater proportion of Level 1 and 2 programmes (see paragraph 20) indicates that colleges have already been working increasingly with learners who have higher levels of educational need. As the new sector aims to recruit increasingly hard-to-reach learners, more differentiated approaches will be needed both to engage them and to meet their requirements effectively.

50 There is evidence from our work[28] that there is a range of community, voluntary and training providers particularly skilled at engaging hard-to-reach learners. The diversity of providers in the LSC-funded sector is a great strength in achieving growth and will need to be proactively supported. Close attention must be paid to securing smooth and widely understood progression opportunities, particularly to college provision where the bulk of learning resources reside.

Workforce development and skills for the economy

51 Many of the people that the Learning and Skills sector needs to target are in employment – both in low-skilled work and in jobs requiring updating to higher-level skills. Mechanisms to reach these people are a priority for the LSC. Our work[29] indicates that action will be required by a number of parties, and a combination of strategies will be required to deliver an effective service to business and to encourage workforce development to become the norm across all firms, regardless of their size. Colleges alone, however innovative they might be, will not achieve the increase in engagement required without action at policy level and by key partners.

Entitlement

52 A proposal for an entitlement for all adults to free education and training to attain a first Level 2 qualification was put forward by the National Skills Task Force[30] and more recently by the Institute for Public Policy Research,[31] and is also discussed in the Performance and Innovation Unit's recent report on workforce development.[32] The next stage of the Performance and Innovation Unit's workforce development project, set out in the pre-budget report, will pilot an entitlement to initial Level 2 courses for adults, linked to incentives and financial support for employers whose staff take time off for such training. This is a significant development and provides a promising context within which real progress can be made in taking forward this agenda.

53 Beyond arrangements for an entitlement to Level 2, there needs to be a clearly articulated policy on the relative funding responsibilities of employers, individuals and the state. Currently this is unclear. There is evidence that providers may, as a general approach, seek to design training for employers so that it can attract LSC funding rather than requiring employers to pay a commercial rate. Arguably this leads to provision being made at public expense that would more appropriately be funded by the individual employer. In addition, it often results in provision that is insufficiently customised to the employers' needs.

Micro, small and medium-sized enterprises

54 Supporting micro, small and medium-sized companies to achieve business success will require differential approaches and effective work with relevant intermediaries, notably the Small Business Service (SBS). Our research has revealed that FE colleges appear to attract a particular segment of small firms – mainly small to medium-sized (20–250 employees) manufacturers, firms in the distribution sector and providers of personal services (eg catering and beauty therapy). The self-employed and micro firms (less than 10 employees) account for some 90% of firms in England and Wales, but they are the least engaged in formal training and the least likely to view FE colleges as sources of information or services likely to meet their needs.

55 Micro companies and small and medium-sized enterprises (SMEs) are seeking solutions to business challenges, rather than directly seeking education or training solutions. Therefore a learning-led approach to such companies is unlikely to be successful. The starting point needs to be the offering of business solutions. A successful strategy developed by some colleges is to offer a free skills needs analysis service to local business. Consideration could also be given to establishing colleges, working closely with the SBS, with specialist expertise in generic business support. Effective collaboration between FE colleges and Ufi, involving the use of ICT, can also provide time-efficient solutions, more attractive to micros and SMEs.

Centres of Vocational Excellence

56 Centres of Vocational Excellence (CoVEs) will provide specialist support for employers in key vocational areas. A key feature of CoVEs is their strong employer connections. The CoVE initiative will systematically recognise and promote high-level, specialist vocational provision in colleges.[33] The first 16 Pathfinder Centres have been announced and the plan is to develop at least 150 centres by 2003/04, against rigorous quality criteria which include engagement with industry sectors and employers, and the capacity to train to high levels of vocational excellence (see also paragraphs 91–92).

Modern Apprenticeships

57 In addition to reaching those in employment, the government is giving high priority to the creation of a high-quality Modern Apprenticeship route underpinned by technical certificates. The Modern Apprenticeship Advisory Committee chaired by Sir John Cassels has set out a strategy[34] for raising the quality of the work-based route and increasing recruitment through offering an entitlement to young people and encouraging greater employer involvement with the initiative. The new Modern Apprenticeships (MAs) are seen as clearly providing progression to higher education; for example, through Foundation Degrees.

58 Colleges, especially the CoVEs, are well placed to play a key role in the development of well-integrated on- and off-the-job learning in MAs. Through their partnerships with employers and work-based providers, they will be pivotal in the delivery of technical certificates to match the Key Skills qualifications and NVQs in the workplace. The increase in provision, especially at Foundation MA level and in pre-apprenticeship programmes, heralded by the Cassels report, could be delivered by those colleges with realistic work environment resources or other specialist facilities.

Basic skills and English for Speakers of Other Languages (ESOL)

59 The impact of the national strategy for adult basic skills and ESOL has yet to be felt significantly at the provider level. New curricula are rolling out and the Pathfinder projects are trialling the key elements of the strategy. Drawing on relevant LSDA experience in this area,[35] we believe that action is needed in the following areas:

- the capacity and capability of providers to deliver the significant increase in provision needs to be addressed. There is a pressing need to recruit large numbers of staff and train them to the new Further Education National Training Organisation (FENTO) standards
- inspection of college basic skills provision reveals poor average grades. There is also a widespread tendency to overestimate quality by at least one grade. Middle managers in basic skills and ESOL are often untrained for their quality improvement role. Elements of the national strategy, such as the curricula for adult literacy, numeracy and ESOL, are already leading to improvement in quality and new initiatives such as the development of learning materials and tools for diagnostic assessment will provide further support

- management information for basic skills and ESOL is currently not as reliable as in other curriculum areas. It is even difficult to be sure how many learners are in provision when much basic skills learning is embedded in other programmes. There has been no agreement on measures to capture retention in roll-on roll-off provision and until the advent of the national standards for adult literacy and numeracy, there was no systematic basis for the measurement of achievement
- the role of the national tests and qualifications in literacy and numeracy, as the measure by which achievement of the ambitious government targets for basic skills will be assessed, has now been made clear. However, LSDA remains concerned that there will be tensions between the commitment to the non-accredited option for basic skills and ESOL learners and pressure to meet targets at institutional, local and national levels
- the development of information and communications technology (ICT) as an integral part of the basic skills offer is a key area. There is strong research evidence of its motivational power.[36] IT skills are also fast becoming recognised as a basic skill, and in Wales, they are recognised within the equivalent 'essential skills' framework and strategy
- practitioners and providers are asking for links between connected initiatives to be articulated more clearly. For example, basic skills, key skills and citizenship are being conceived, launched and implemented separately
- the engagement of colleges, as established providers of basic skills and ESOL, in delivery of the national strategy could be enhanced through:
  - development funding for innovation and outreach
  - research and development to support the effective integration of basic skills and ESOL into other learning programmes
  - the creation of regional centres of excellence for adult literacy and numeracy
  - new roles for colleges as supporters/mentors for new basic skills and ESOL providers in the community
  - the creation of local teacher training centres for basic skills and ESOL.

Preparation for higher education of 18–30 year olds

60 Progression to higher education is clearly linked to achievement of Level 3. Currently, 51% of young people achieve Level 3 by 19. Ninety per cent of those who achieve 2 A-levels go on to HE study. While the drive to achieve the target will require significant focus on 18–21 year olds, the opportunity should not be lost to develop flexible access and to secure a more balanced socio-economic profile among university entrants.

61 We welcome the development of approaches, such as the Excellence Challenge, which aim to redress social inequalities of participation. In order to maximise the effectiveness of new initiatives in relation to HE access, we recommend that national coordination be given high priority. This can ensure that learning is maximised across institutions and that the spread of research and innovation is managed efficiently.

62 FE colleges can make a significant contribution, both through programmes to bring people up to the Level 3 standard (including full-, part-time and work-based), and through direct delivery of higher education. HE students in further education are more likely to be older, part-time and from non-traditional routes and therefore further education has the potential to support both the agenda for participation and for changing the socio-economic profile of HE learners.

Funding and widening participation

63 Since the Select Committee reported in 1998, additional resources have been focused on disadvantaged learners through the widening participation (WP) factor. This provides an uplift, averaging 10%, in respect of funding for learners whose postcode identifies them as coming from one of the 15% most disadvantaged wards in England.

64 The identification of disadvantaged learners through postcodes was adopted as the most practicable basis for identifying those students whose circumstances might result in a need for extra resources. The Kennedy Committee examined several possible indicators, including low income and lack of prior educational attainment before adopting postcodes. Although it saw lack of prior attainment as its preferred indicator, the data available was not felt to be sufficiently reliable for a funding system.

65 'Widening participation' and 'disadvantage' remain contested terms and we believe that the policy objective still needs to be clarified. It may be helpful to separate out three potential emphases. Disadvantage could refer to:

- poor students (in terms of family income). The needs of this group would most appropriately be met through student support arrangements such as EMAs
- poorly qualified students (ie having not achieved Level 2). These may require extra learning support or more intensive teaching
- students from poor neighbourhoods (ie lacking in aspirations as well as suffering from material deprivation). Colleges might need an overall WP rating to reflect the needs of dealing with such a catchment area.

66 There also remains uncertainty over whether the factor is meant to recognise additional costs or whether it is an incentive to colleges to recruit additional learners from disadvantaged backgrounds. If it is seen as an incentive, it has only had limited impact. As indicated earlier (paragraph 22) around 27% of learners attracted the uplift in 1999/2000 – an increase of only 8600 enrolments from these areas in two years.

67 The apparent lack of impact of the WP factor on recruitment merits examination. One explanation is that before the factor was introduced, colleges had increasingly recruited those with low levels of prior attainment (paragraph 20). Colleges are therefore attempting to recruit learners who are harder and harder to reach. An alternative explanation is that the WP factor is not an incentive to recruit, but a reflection of extra costs incurred.

68 Recent evidence suggests, however, that the level of the WP factor bears little relation to the actual costs of recruiting learners from disadvantaged backgrounds. It may be nearer the 20% figure recently quoted for the HE sector. LSDA's research[37] has proposed how a realistic rate might be calculated and the LSC has now commissioned a major study along these lines.

69 In a more planned environment, where the emphasis is less on competition and more on meeting diverse learner needs, we believe that there is a stronger case for focusing the funding mechanism more directly on the specific costs of provision. However it must be realised that this will lead to a more finely tuned, but not necessarily a simpler system.

Fees and fee remission

70 There are national arrangements which provide full fee remission for all learners under the age of 19, all those on means-tested benefits and those undertaking basic skills courses. Otherwise, the setting of fees and arrangements for fee remission remain a matter for individual institutions to determine, though they are funded by the LSC on the basis that individual adults or their employers will normally contribute 25% of the basic cost of any programme.

71 The pattern nationally is therefore very varied with some colleges operating no fees, others gaining significant income through fees. Assistance with the direct costs of provision, delivered through full or partial fee remission, is the most significant element of financial support for learners in further education.

72 We suggest that consideration be given to the following:

- the need for a clear national policy on student or employer contributions, which inter alia avoids competitive undercutting and which is consistently implemented
- links between the fee regimes in further education and adult community learning
- consideration of differential fees for different levels of study, aligned with developments in higher education
- increasing some fees, and funding more targeted support for the disadvantaged.[38]

Funding for learners

73 The 1998 Select Committee report expressed concern at the lack of a national entitlement to financial support for FE learners. There is still no national system of support for FE learners, with the lack of maintenance support for over-19s the most glaring gap. The lack of parity with higher education, which was identified as an issue of concern in the 1998 Select Committee report, has not changed. Income- contingent loans are not available for FE learners, although LSDA research shows that they would be welcomed by some.

74 Access funds have been widely welcomed by practitioners, and are taken up by around 6% of learners. The most recent survey, by the Institute of Employment Studies, makes it clear that they have been effective in improving retention rates, but the evidence for an impact on participation is more anecdotal.

75 Education maintenance allowances (EMAs) now cover about a third of the eligible cohort. Evaluation reports show clearly that they have raised participation rates (by around 6% of those eligible) and are especially effective with boys and the poorest. There is also LSDA evidence[39] that they have raised retention and achievement rates. However, they only affect 16–18 year olds and do not solve problems with transport or residence. We are aware that the IPPR is developing proposals in this area. For example, they are suggesting that the cost of extending EMAs could be offset by replacing universal child benefit by means-tested EMAs.

76 Arrangements for transport remain fragmented and inequitable with colleges and LEAs applying differing criteria, rates and limits. This is well documented by LSDA research.[40] We believe that in the context of more planned arrangements, with national and regional specialist centres of vocational excellence, greater co-ordination of transport planning with provision planning will become increasingly necessary.

77 Research[41] has shown high levels of hardship among students already enrolled in colleges. The key issue for most is transport; for those with childcare responsibilities, the costs of childcare are heavy. The hardship experienced by many students already enrolled in further education makes it difficult to remove barriers to access in a way which is equitable but avoids 'deadweight'.

Planning for growth

78 LSC has a statutory responsibility to plan provision both at a local and national level. The actual approach that local LSCs will adopt is not yet clear. Concerns about the possible approach are twofold. First, there is a danger that an annual contracting process that determines detailed numerical allocations could reduce the appetite of colleges for the innovative and healthy risk-taking needed to maximise the potential for growth. The 1998 Select Committee report touched on this issue, stating that:

...we do not believe that central Government should attempt to 'run' the FE sector at a detailed level. Further education is a locally responsive service: the Government's role should be to put in place a strategic framework that will promote effective local relationships.[42]

79 Second, there are concerns that micro-level numerical planning will inevitably be inaccurate for the following reasons:

- supply and demand are not necessarily local. Learners travel across LSC boundaries and many (particularly in large cities) may study where they work rather than where they live. This will be a particular issue in London where millions of people travel across LSC boundaries daily
- many providers make non-local and national provision. LSCs will need mechanisms to coordinate with each other and to recognise the non-local nature of much provision.
- the quality of local demand data is patchy and often unreliable
- planning appears to be assuming collaboration between providers, sharing students and provision, but any funding system where money follows the learner will encourage competition and hamper such collaboration. Future-oriented work to begin to examine alternative funding approaches may now be required
- skills shortages cannot be resolved simply by making provision in the skills areas needed, but must be accompanied by demand-side strategies to engage learner interest. There is a danger that a focus on planning will divert attention away from a broader strategic approach.

80 A priority for the LSC will be to assess, at a national level, the early rounds of strategic planning and to identify effective and preferred approaches. The current variations in approach may be useful, in the short term, in examining different options; but the establishment of more common patterns based on effective practice would help to establish a strong national identity to this core activity.

Increasing demand

81 There is substantial evidence of barriers to participation, and about who does and does not participate. Much less is known about successful strategies to enable people to overcome these barriers to engage in learning.

82 There is little evidence of pent-up, unmet demand for learning in the Learning and Skills sector. There has been a positive history of initiatives at policy and institutional levels to support wider participation, but these have focused largely on the supply side. There is a strong case for a sustained strategic focus on the demand side, articulated with a supply-side strategy, with a comprehensive set of actions based on evidence of what changes learner, community and employer behaviours.

83 Since little is known about what triggers participation among those who do not take part in organised learning, LSDA has initiated research and policy work on attracting new learners. The programme of work has started by examining the messages from research and good practice across the world. [43]

84 The evidence suggests that there is a need for policy, national strategy and funding arrangements to ensure that a strong focus on demand gives equal attention to both the economic aspects, such as workforce development, skills and employability; and the social inclusion aspects, encouraging social capital development, citizenship, individual development and neighbourhood renewal.

85 On the supply side, we believe there is a case to re-examine whether sufficient incentives for growth exist in the current funding arrangements. The Demand-Led Element (DLE) in the FEFC's methodology was a mechanism for growth. This resulted in growth by individual providers, but lacked a coherent framework in terms of national social or economic priorities and target groups. It was also misused by some providers and did not necessarily attract significant numbers of new learners. For example, in some cases, it offered funding to complement existing employer-based provision.

86 However, there was some good and innovative practice enabled by the DLE in partnership arrangements, particularly at the local community level. Consideration should be given to developing a funding mechanism more carefully tailored and specified to meet the needs of social and economic priority groups. This could be a useful element of a strategy for achieving growth.

College mission and strategic focus

87 The creation of the LSC since the 1998 Select Committee report provides a new context. It offers the opportunity to look at the post-16 education and training enterprise as a whole, to achieve greater coherence of provision and a more rational determination of the roles and contributions of different providers. The 1998 Select Committee report, as discussed earlier (paragraphs 17–18), identified that 'the FE sector has suffered somewhat from a lack of leadership and national strategic direction.'[44] It encouraged a clearer focus on core business. However, since that time, colleges have been asked to respond to many initiatives (see paragraph 28), arguably encouraging an opportunistic approach rather than the development of a clear strategic role.

88 We believe that the role of colleges needs to be redefined in the context of the priorities of the new Learning and Skills sector. Colleges represent the major resource within the LSC sector and clarity about their strategic role must be a priority.

89 The analysis in this paper indicates that achievement of priorities for quality and for targeted growth will require clarity of purpose and priorities, strong leadership and highly motivated staff. In addition, the realisation of the full potential of the range of providers in the new LSC sector will require institutions with clarity about their own mission and contribution and the confidence to collaborate to achieve common objectives.

90 The speech by David Blunkett, the then Secretary of State, to the November 2000 Association of Colleges' conference,[45] identified four objectives for colleges:

- high and improving standards for 16–19 year olds
- providing the skills the economy needs at craft, technician and equivalent levels
- widening participation in learning and enabling adults to acquire the basic skills
- a ladder of opportunity to higher education.

91 The speech suggested diversity of mission as a way forward – building on strengths and identifying distinctive roles. Since his speech, the government has begun the rollout of Centres of Vocational Excellence (CoVEs) to take forward the second of David Blunkett's objectives, the regeneration of technical and vocational education (see paragraph 56).

92 This initiative provides a welcome investment in a clear strategic role for colleges in providing inclusive and modern vocational education and training. This need not be a limiting vision. From a strong vocational platform, colleges can make a significant contribution to social and community regeneration, providing pathways through to high levels of technical and vocational excellence. The capacity to draw people into learning and then motivate them to develop their skills to high levels will be critical to achieving the HE participation target and supporting social equity.

93 However, we suggest that other areas of excellence need to be identified to exploit the potential contributions of colleges and to meet David Blunkett's proposals (paragraph 90). These could include centres of excellence to address the following priorities:

- business support to micro and small to medium-sized employers, working in close collaboration with the SBS
- basic skills – providing staff development support and expertise to work with a network of providers in a local area, including for example, private training providers, community and voluntary sector providers
- 14–19 provision, including strong vocational and academic pathways from Entry level through to HE entry
- neighbourhood renewal and community regeneration.

94 Greater clarity of core business need not imply a narrowing of provision, either across the network of colleges or within individual institutions. It will, however, provide the basis for making decisions about how to develop provision in relation to other providers. A strong sense of priorities at institutional level, within the context of a more clearly articulated strategic role for colleges, will provide the platform from which priorities for growth and improved outcomes can be delivered.

Notes

1 The transcript of this evidence session can be found on the government's website at www.publications.parliament.uk/pa/cm200102/cmselect/cmeduski/322/1103101.htm

2 Where major announcements have been made since the Select Committee meeting, these are referenced as appropriate.

3 This is the first date when comparable data became available.

4 A funding premium that colleges received for recruiting learners from postcodes denoting social disadvantage.

5 Achievement rates are the percentage of all qualifications which are fully achieved from those which are taken, where the results are known.

6 These include the Raising Quality and Achievement Programme run by LSDA in partnership with the Association of Colleges, the Principals' Programme and the Senior Leadership Programme.

7 Sixth Report of the Select Committee on Education and Employment, paragraph 16: see www.publications.parliament.uk/pa/cm199798/cmselect/cmeduemp/264/26402.htm

8 Government's response to the Select Committee report, paragraph 6: see www.publications.parliament.uk/pa/cm199899/cmselect/cmeduemp/56/5601.htm

9 Known as the Kennedy Committee; FEFC published its findings in 1997 as Learning works – widening participation in further education.

10 *Improving literacy and numeracy – a fresh start.* The report of the Working Group chaired by Sir Claude Moser, February 1999: see www.lifelonglearning.co.uk/mosergroup/index.htm

11 FEFC Statistical First Release published in July 2001. Figures only include FEFC-funded provision, and do not include HEFCE numbers.

12 FEFC Statistical First Release published in January 2001.

13 *For better or worse: the influence of FE franchising on learning*, FEDA, 2000.

14 It should be noted that progression to employment is not included among the positive outcomes in these figures.

15 FEFC *Performance indicator* publications; for example, Table 4 on pp32–33 of the 1998/99 volume, published December 2000.

16 Previously, work-based learning grades were reported separately by the Training Standards Council.

17 Unless stated otherwise, these appear in the LSC corporate plan.

18 FEFC Statistical First Release published in January 2001.

19 The grant letter states: 'by 2002, 500,000 adults taking part in provision to improve their literacy and numeracy and by 2004, the number of adults with weak literacy or numeracy skills reduced by 750,000'. This disaggregated target has not been published elsewhere.

20 *Modern apprenticeships: the way to work*, DfES, September 2001.

21 Of the 107 ALI inspections to date, 55% have grades 4 or 5 for leadership and management, indicating quality issues with work-based learning delivery across the Learning and Skills sector.

22 The Raising Quality and Achievement Programme, run by LSDA in partnership with the Association of Colleges, funded through the Standards Fund.

23 For example, the Principals' Programme, Senior Leadership Programme, Management Development Programme

24 The announcement by the Secretary of State at the Association of Colleges' annual conference on 21 November 2001, that an FE Leadership College will be established should give welcome impetus to leadership development in the sector.

25 *Leadership revisited: the role of the course team leader*, LSDA, December 2001.

26 *Differential achievement: what does the ISR profile tell us?* LSDA, 2000.

27 *Listening to staff*, LSDA, 2001.

28 For example, Back on track: successful learning provision for disaffected young people, LSDA/DfES, 2000; An evaluation of non-schedule 2 pilot projects, LSDA/NIACE, 2000.

29 Relevant LSDA (and FEDA) publications include: *Promoting learning in small and medium-sized enterprises*, FEDA, 1998; *Developing responsiveness in vocational education and training*, LSDA, 2000; *Developing leading-edge staff in vocational education and training*, LSDA, 2001; and the following publications arising from an ADAPT project (1998–2000): *How to work with small businesses*, FEDA, 2001; *How colleges are working with small businesses*, LSDA, 2001; *How to work with microbusinesses*, LSDA, 2001. Current projects include *Learning in the workplace*, (RPM 392), due to be published in 2002.

30 *Skills for all: proposals for a national skills agenda*. Final report of the National Skills Task Force, DfEE, 2000.

31 *Opportunity for whom?* IPPR, December 2001.

32 *In demand: adult skills for the 21st century*, Cabinet Office, November 2001.

33 *Searching for excellence in FE colleges*, LSDA, 2001, identified the factors which characterise high-quality vocational provision.

34 *Modern apprenticeships: the way to work*, DfES, September 2001.

35 LSDA experience in this area includes: the Basic Skills Quality Initiative; the National ESOL Training and Development Project; the Basic Skills for Adults with Learning Difficulties and/or Learning Disabilities Project; the evaluation of the Basic Skills and ESOL in Local Communities' Projects; work on non-accredited outcomes and achievement in basic skills and ESOL; and regional basic skills practitioner networks.

36 Research into the effectiveness of learning through ICT for people with basic skills needs, by Harvey Mellar *et al*. Unpublished report commissioned by Ufi.

37 *The costs of disadvantage*, LSDA, 2001.

38 These issues are explored in the recent LSDA publication *Supporting adult learners: the need for a new approach*, 2001.

39 *Education maintenance allowances: the impact on further education*, LSDA, 2000.

40 *Student transport: unfair or just unequal?* LSDA, 2000.

41 For example: Callender C. *The hardship of learning: students' income and expenditure and their impact on participation in further education*. FEFC, 1999.

42 Sixth Report of the Select Committee on Education and Employment, paragraph 142.

43 *Attracting new learners: a literature review*, IES/LSDA, June 2001. In addition, a report of an international seminar on successful strategies, held in June 2001, was published in December 2001.

44 Sixth Report of the Select Committee on Education and Employment, paragraph 18.

45 Published as *Colleges for excellence and innovation*, DfES, November 2000.

This report is based on evidence submitted to the House of Commons Education and Skills Select Committee for their follow-up enquiry into further education in October 2001. LSDA's chief executive Chris Hughes appeared before the Committee on 31 October 2001.

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